

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name DICKSON TOWNSHIP	County MANISTEE
Audit Date 3/31/05	Opinion Date 12/13/05	Date Accountant Report Submitted to State: 1/11/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) WILSON WARD CPA FIRM			
Street Address PO BOX 205	City INTERLOCHEN	State MI	ZIP 49643
Accountant Signature <i>Wilson Ward CPA Firm</i>			Date 1/11/06

DICKSON TOWNSHIP
MANISTEE COUNTY, MICHIGAN
BRETHREN, MICHIGAN

AUDIT REPORT

For Year Ended
March 31, 2005

Wilson, Ward CPA Firm
PO Box 205
Interlochen, MI 49643
(231) 276-7668

Wilson, Ward CPA Firm

3015 M-137

P.O. Box 205

Interlochen MI 49643

(231) 276-7668

Fax: (231) 276-7687

David E. Wilson, CPA
Robert K. Ward, CPA

December 13, 2005

Dickson Township Board
Manistee County, MI

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the course of the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of Dickson Township. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Dickson Township are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into the Dickson Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by Dickson Township that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The office has excellent records, with information clearly shown and readily available. In the test of controls, internal controls are being used wisely with double checks on amounts, distributions and deposits.

This information is intended solely for the use of the Dickson Township Board and management of Dickson Township and is not intended to be and should not be used by anyone other than those specific parties.

Sincerely,

A handwritten signature in cursive script that reads "Wilson Ward CPA Firm".

Wilson. Ward CPA Firm

DICKSON TOWNSHIP
TABLE OF CONTENTS

Page No.

1	<u>INTRODUCTORY SECTION</u>
2	Independent Auditor's Report on Internal Control Structure and Compliance Based on an Audit of General Purpose or Basic Financial Statements Performed in Accordance with Government Auditing Standards
3	<u>FINANCIAL SECTION</u>
4-5	Independent Auditor's Report
6-7	Management's Discussion and Analysis
8	Statement of Net Assets
9	Statement of Activities
10	Balance Sheet - Governmental Funds
11	Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds
12-15	Notes to Financial Statements
16	<u>SUPPLEMENTAL DATA SECTION</u>
17	Report Letter
18	<u>General Fund</u>
19	Balance Sheet General Fund
20	Statement of Revenues, Expenditures and Changes in Fund Balance General Fund
21-24	Statement of Revenues, Expenditures and Changes in Fund Balance - Budget vs. Actual General Fund
25	<u>Special Revenue Funds</u>
26	Balance Sheet - Fire Fund
27	Statement of Revenues, Expenditures and Changes in Fund Balance - Fire Fund

INTRODUCTORY SECTION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Dickson Township Board
Brethren, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickson Township, Manistee County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Dickson Township's basic financial statements and have issued our report thereon dated December 13, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dickson Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dickson Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we reported to management of Dickson Township in a separate letter dated December 13, 2005.

This report is intended solely for the information and use of the audit committee, management, township board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wilson Ward CPA Firm

Interlochen, MI
December 13, 2005

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Dickson Township Board
Brethren, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickson Township, Manistee County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Dickson Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Dickson Township as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2005, on our consideration of the Dickson Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dickson Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wilson Ward CPA Firm

Interlochen, MI

December 13, 2005

DICKSON TOWNSHIP
MANISTEE COUNTY
Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets decreased 0.6% from a year ago - decreasing from \$483,615 to \$481,762.

This year was the first year for the implementation of GASB 34 with the resulting changes in the financial position as reflected on the Governmental Funds Balance Sheet, Statement of Net Assets.

The Township's Funds

Our analysis of the Township's major funds following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Township's governmental services. The amount transferred to the General Fund is supported by a detailed calculation of the current year costs of the specific capital outlay approved by the Township Board.

General Fund Budgetary Highlights:

Over the course of the year the Township Board was able to maintain the township departments within their prescribed budgets

Capital Asset and Debt Administration:

As of March 31, 2005, the Township had \$481,762 invested in a broad range of capital assets, including land, buildings and equipment. In addition, the Township has invested significantly in major and local roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

Economic Factors and Next Year's Budgets and Rates:

Dickson Township's 2004-2005 general fund budget calls for the allocated millage of 1.500. Dickson Township also has a voted millage for Fire Protection services in the amount of 0.500, and a Waste Collection millage of 0.5000. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

General Over view of the Accomplishments of Dickson Township in the 2004-2005 Fiscal Year:

Dickson township has managed to maintain general buget constraints and guidelines given light that the State of Michigan has reduced the annual revenue sharing allocations.

Contacting the Township's Management:

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the treasurer at (231) 477-5885.

DICKSON TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, investments and cash equivalents	\$481,762	\$0	\$481,762
Receivables (net)	0	0	0
Prepaid Expenditures	0		0
Internal balances	0	0	0
Inventories			0
Capital Assets, net	0	0	0
Total Assets	<u>481,762</u>	<u>0</u>	<u>481,762</u>
LIABILITIES			
Accounts payable	0	0	0
Deferred revenue	0	0	0
Due to Other Agencies	0	0	0
Noncurrent liabilities			0
Due within one year	0	0	0
Due in more than one year	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
NET ASSETS			
Invested in capital assets, net of related debt	0		0
Restricted for:			
Capital projects			0
Debt Service		0	0
Unrestricted (deficit)	<u>481,762</u>	<u>0</u>	<u>481,762</u>
Total Net Assets	<u>481,762</u>	<u>0</u>	<u>481,762</u>
Total Liabilities and Net Assets	<u>\$481,763</u>	<u>\$0</u>	<u>\$481,763</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

DICKSON TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Government	Business-type Activities	Total
Primary government							
Governmental activities:							
Legislative	\$16,685	\$0			(\$16,685)		(\$16,685)
General government	80,948	0			(80,948)		(80,948)
Public safety	107,142	2,725			(104,417)		(104,417)
Public works	87,425	5,418			(82,007)		(82,007)
Health and Welfare	0				0		0
Community and Economic Development	0				0		0
Recreation and Culture	4,288				(4,288)		(4,288)
Other	0				0		0
Interest on Long Term Debt	0				0		0
Total Governmental Activities	296,488	8,143	0	0	(288,345)	0	(288,345)
Business Type Activities							
Enterprise Funds	0	0				0	0
Total Primary Government	296,488	8,143	0	0	(288,345)	0	(288,345)

General revenues:

Taxes

Property Taxes-general	167,607	0	167,607
Property Taxes-debt service	0		0
State-Shared Revenues	65,176		65,176
Unrestricted Investment Earnings	4,983	0	4,983
Franchise taxes	0		0
Contributions	0		0
Miscellaneous	48,726	0	48,726
Transfers	0	0	

Total General Revenues-Special Items and Transfers

286,492 0 286,492

Changes in Net Assets

(1,853) 0 (1,853)

Net Assets - Beginning

483,615 0 483,615

Net Assets - Ending

\$481,762 \$0 \$481,762

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

DICKSON TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2005

	General Fund	Other Non-major Funds	Total
ASSETS			
Cash, investments and cash equivalents	\$230,763	\$250,999	\$481,762
Receivables (net)	0	0	0
Prepaid Expenditures	0		0
Internal balances	0	0	0
Inventories			0
Capital Assets, net			0
Total Assets	<u>230,763</u>	<u>250,999</u>	<u>481,762</u>
LIABILITIES			
Accounts payable	0	0	0
Internal balances	0		
Accrued payables	0		
Deferred revenue	0	0	0
Noncurrent liabilities:			0
Due within one year			0
Due in more than one year			0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
NET ASSETS			
Invested in capital assets, net of related debt			
Restricted for:			
Capital projects			0
Debt Service			0
Unrestricted (deficit)	<u>230,763</u>	<u>250,998</u>	<u>481,762</u>
Total Net Assets	<u>230,763</u>	<u>250,998</u>	<u>481,762</u>
Total Liabilities and Net Assets	<u>\$230,763</u>	<u>\$250,998</u>	<u>\$481,762</u>

Amounts reported for Governmental Funds Balance Sheet are different because:

Balance per above		\$481,762
Add Capital Assets	0	
Less Long Term Debt	0	
Balance per Governmental Funds Balance Sheet		<u>\$481,762</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

DICKSON TOWNSHIP
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2005

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes and Penalties	\$65,332	\$102,276	\$167,607
Licenses and Permits	5,418		5,418
Federal Grants			0
State Grants	65,176		65,176
Charges for Services	2,725	0	2,725
Fines and Forfeits			0
Interest and Rentals	3,301	1,682	4,983
Other Revenue	27,683	21,042	48,726
Total Revenues	169,634	125,000	294,635
Expenditures			
Current			
Legislative	16,685		16,685
General Government	80,948		80,948
Public Safety	5,774	101,368	107,142
Public Works	87,425	0	87,425
Health and Welfare			0
Recreation and Cultural	4,288		4,288
Other	0		0
Capital Outlay			0
Debt Service	0		0
Total Expenditures	195,120	101,368	296,488
Excess of Revenues Over (Under) Expenditures	(25,486)	23,632	(1,853)
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers (Out)	0	0	0
Bond Proceeds	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(25,486)	23,632	(1,853)
Fund Balance April 1, 2004	256,249	227,366	483,615
Fund Balance March 31, 2005	\$230,763	\$250,998	\$481,762

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds		(\$1,853)
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimate useful lives as depreciation.	\$0	
Repayment of bond interest is an expenditure in governmental funds, but not in the statement of activities.	0	
Changes in compensated absences are recorded when earned.	0	
Change in Net Assets of Governmental Activities		(\$1,853)

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

DICKSON LAKE TOWNSHIP FOOTNOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

A. Reporting Entity

Dickson Lake Township is located in Manistee County, Michigan. The Township is governed by an elected five member board. Services are provided to approximately 900 residents and include fire protection and general community enrichment services. The criteria established for determining the various agencies and boards to be included in the Township's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Township. The criterion used to determine the reporting entity, "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials."

B. Summary of Significant Accounting Policies

Basis of Presentation

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

Enterprise funds should be accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the accounting period in which it is earned and becomes measurable. Expenses are recognized in the accounting period incurred, if measurable.

The accounting policies of Dickson Lake Township conform to generally accepted accounting principles and include the following fund types

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of fund.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas wherein the township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the township.

3. Account Groups

Fixed Assets and Long Term Liabilities of the governmental fund types are normally accounted for through the *General Fixed Assets Account Group* and the *General Long Term Debt Account Group*, respectively.

Fixed assets other than those accounted for in the proprietary funds or trust funds are general fixed assets. General fixed assets are accounted for in the General Fixed Assets Account Group.

4. GASB 34

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, as amended*, the Township has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements

C. Budgets and Budgetary Accounting

The general fund and enterprise fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis the same as the modified accrual basis used to reflect operations and include those amounts formally appropriated by the Township Board.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Excess of Expenditures over Appropriations

The local unit shall not incur expenditures in excess of appropriations. This also requires a disclosure of all such functional areas which exceeded budget. As such, a budgeted statement is included in the supplementary data portion of these financial statements.

3. Financial Control of Funds

As authorized by Act 20, Public Act of 1943, as amended, states that the Township, by resolution may authorize its treasurer to invest surplus funds in the following manner:

1. Direct obligations of the United States or an agency or instrumentality of the United States.
2. In any account or depository which is a member of the F.D.I.C. or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation, or a credit union which is insured by the National Credit Union Administration.
3. Fifty percent of the funds may be invested in commercial paper rated at the time of purchase within the three highest classifications by not less than two standard rating agencies and which mature not more than 270 days following the date of purchase.
4. In United States Government of federal agency obligations repurchase agreements.
5. In bankers acceptances of the United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment of local units of government in Michigan.

4. Cash and Investments

Deposits of the Township are as authorized by the Township Board. A summary of these accounts and amounts is included in the supplemental data section of this report. All funds of Dickson Lake Township have been invested in those depositories or investments as authorized by Michigan Compiled Laws Section 129.91. The balance sheet account for all funds includes all cash, investments and imprest (petty cash) funds.

In accordance with GASB Statement No. 3, risk disclosures must be made to indicate the amounts of cash insured or uninsured. A general summary of these assets is as follows:

	<u>Carrying Value</u>	<u>Bank Value</u>
Insured	\$ 100,000	\$ 100,000
Uninsured	\$ 328,139	\$ 334,602

The Township also has \$ 54,617 invested in certificates of deposit.

5. Changes in General Fixed Assets

General Fixed Assets have been acquired for general township purposes and at the time of purchase were recorded as expenditures. The assets have been capitalized in a Asset Group of Accounts as required by generally accepted accounting principles. As a Township policy, assets valued at less than \$5000 are considered to be supplies and are not recorded as fixed assets. During the GASB 34 conversion all real property assets have no historical cost and the equipment assets have used up their standard depreciable lives therefor there are no net assets to report here.

6. Compensated Absences and Post Employment Benefits

The township does not pay for compensated absences.

7. Contingent Liabilities

There are no known contingent liabilities.

8. Risk Management

The township carries commercial insurance as a protection against risk.

9. Long Term Debt

The township has no debt.

10. Taxes receivable

Taxes receivable reflected in the general fund represent delinquent real property taxes and tax administration fees on delinquent real property taxes. Manistee County funds the delinquent tax roll by selling tax notes annually and distributing the proceeds to the governmental units. Accordingly, these delinquent taxes and related fees are recorded as revenue in the current year.

SUPPLEMENTAL DATA SECTION

WILSON, WARD CPA FIRM

P.O. Box 205

3015 M-137

Interlochen, MI 49643

(231) 276-7668

Fax: (231) 276-7687

E-mail: wilson@wilsonward.com

To the Township Board
Dickson Township, MI

We have audited the combined financial statements of Dickson Township for the year ended March 31, 2005. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financials statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Wilson Ward CPA Firm

Interlochen, MI
December 13, 2005

General Fund

Dickson Township
Balance Sheet
General Fund

As Of March 31, 2005

Assets

Cash In Bank and Investments	\$230,763
Accounts Receivable	0
Taxes Receivable	0
Due From Other Agencies	0
Due From Other Funds	0
Total Assets	<u>\$230,763</u>

Liabilities and Fund Balance

Liabilities	
Accounts Payable	\$0
Accrued Salaries & Wages	0
Deferred Revenue	0
Due To Other Funds	0
Compensated Absences	0
Total Liabilities	<u>0</u>
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	230,763
Total Fund Balance	<u>230,763</u>
Total Liabilities and Fund Balance	<u>\$230,763</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Dickson Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	General Fund <u>March 31, 2005</u>
<u>Revenue</u>	
Taxes	\$51,007
Admin Fees	14,325
Licenses and Permits	5,418
Charges for Services	2,725
Interest & Rentals	3,301
Other Revenues	27,216
Donations	0
State Shared Revenue	65,176
Cable Franchise Fees	0
Reimbursements	<u>467</u>
Total Revenues	169,634
<u>Expenditures</u>	
Current	
Legislative	16,685
General Government	80,948
Planning and Zoning	5,774
Public Works	87,425
Zonning Board	0
Other	<u>4,288</u>
Total Expenditures	<u>195,120</u>
Excess Revenue (Expenditures)	(25,486)
Operating Transfers In (out)	0
Fund Balance - Beginning of Year	256,249
Prior Period Adjustment	<u>0</u>
Fund Balance - End of Year	<u><u>\$230,763</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Dickson Township
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget Vs Actual
General Fund
For the Year Ended March 31, 2005

	Budget Beginning April 01, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2005	Variance Favorable (Unfavorable)
Revenue				
Current Property Taxes	\$0	\$0	\$37,574	
Delinquent Tax	0	0	13,433	
Penalties on Taxes	0	0	0	
Admin Fees	0	0	14,325	
Licenses and Permits	0	0	5,418	
State Shared Revenues	0	0	65,176	
Use Fees	0	0	1,025	
Charge for Services	0	0	2,725	
Earned Interest	0	0	2,176	
Rents and Royalties	0	0	1,125	
Franchise Fees	0	0	0	
Reimbursements	0	0	467	
Misc	0	0	26,191	
Total Revenues	218,600	218,600	169,634	(48,966)
Expenditure				
Legislative				
Township Board:				
Salaries and Wages	0	0	5,697	
Supplies and Maintenance	0	0	2,464	
Professional Services	0	0	205	
Mileage	0	0	420	
Printing and Advertising	0	0	0	
Postage	0	0	885	
Insurance and Bonds	0	0	5,471	
Dues	0	0	655	
Misc	0	0	888	
Capital Outlay	0	0	0	
Total Township Board	21,712	23,712	16,685	7,027
General Government:				
Township Supervisor:				
Salaries and Wages	0	0	5,000	
Office Supplies	0	0	0	
Misc	0	0	0	
Mileage	0	0	385	
Total Township Supervisor	\$5,500	\$5,500	\$5,385	\$115

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Dickson Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	<u>Budget Beginning April 01, 2004</u>	<u>Budget Year Ended March 31, 2005</u>	<u>Actual Year Ended March 31, 2005</u>	<u>Variance Favorable (Unfavorable)</u>
Elections:				
Salaries and Wages	\$0	\$0	\$1,233	
Office Supplies	0	0	322	
Mileage	0	0	46	
Misc	0	0	0	
Capital Outlay	0	0	0	
Total Elections	<u>3,500</u>	<u>3,500</u>	<u>1,600</u>	<u>1,900</u>
Legal:				
Professional Services	0	0	4,064	
Total Legal	<u>0</u>	<u>0</u>	<u>4,064</u>	<u>4,064</u>
Assessor:				
Contractual	0	0	14,432	
Supplies	0	0	0	
Mileage and Travel	0	0	0	
Misc	0	0	0	
Capital Outlay	0	0	0	
Total Assessor	<u>14,500</u>	<u>14,500</u>	<u>14,432</u>	<u>68</u>
Clerk:				
Salaries and Wages	0	0	10,394	
Office Supplies	0	0	289	
Mileage	0	0	871	
Capital Outlay	0	0	0	
Misc	0	0	0	
Total Clerk	<u>13,000</u>	<u>13,000</u>	<u>11,554</u>	<u>1,446</u>
Board of Review:				
Salaries	0	0	1,621	
Supplies	0	0	0	
Education	0	0	220	
Misc	0	0	0	
Total Board of Review	<u>\$1,600</u>	<u>\$2,600</u>	<u>\$1,841</u>	<u>\$759</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Dickson Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	Budget Beginning <u>April 01, 2004</u>	Budget Year Ended <u>March 31, 2005</u>	Actual Year Ended <u>March 31, 2005</u>	Variance Favorable (Unfavorable)
Treasurer:				
Salaries and Wages	\$0	\$0	\$8,097	
Office Supplies	0	0	5,601	
Telephone	0	0	0	
Mileage	0	0	1,088	
Misc	0	0	0	
Capital Outlay	0	0	0	
Printing	0	0	0	
Total Treasurer	<u>15,000</u>	<u>15,000</u>	<u>14,785</u>	215
Township Hall and Grounds:				
Wages	0	0	4,657	
Supplies	0	0	9,885	
Insurance and Bonds	0	0	0	
Public Utilities	0	0	5,341	
Repairs	0	0	7,137	
Capital Outlay	0	0	0	
Misc.	0	0	268	
Total Township Hall	<u>33,000</u>	<u>33,000</u>	<u>27,287</u>	5,713
Total General Government	\$86,100	\$87,100	\$80,948	\$14,348

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Dickson Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	Budget Beginning April 01, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2005	Variance Favorable (Unfavorable)
Planning and Zoning:				
Salaries and Wages	\$0	\$0	\$1,665	
Supplies	0	0	0	
Mileage	0	0	0	
Printing	0	0	55	
Misc	0	0	723	
Total Planning and Zoning	4,000	4,000	2,443	1,557
Planning and Zoning Admin:				
Salaries and Wages	0	0	3,060	
Supplies	0	0	73	
Mileage	0	0	0	
Printing	0	0	0	
Misc	0	0	29	
Total Planning & Zoning Admin	4,500	4,500	3,161	1,339
Public Works:				
Roads	25,000	25,000	27,052	2,052
Street Lights	6,000	6,000	4,937	1,063
Parks	10,000	10,000	7,489	2,511
Cemetery	10,000	10,000	7,469	2,531
Sanitation	32,000	41,000	40,478	522
Total Public Works	83,000	92,000	87,425	4,575
Zoning Board of Appeals:				
Salaries	0	0	170	
Misc	0	0	0	
Total Zoning Board of Appeals	1,000	1,000	170	830
Other Expenses:				
Audit	0	0	0	
Employee Benefits	4,288	4,288	4,288	(0)
Library	0	0	0	
Contingency	14,000	2,000	0	2,000
Total Other Expenditures	18,288	6,288	4,288	2,000
Total Expenditures	218,600	218,600	195,120	30,337
OTHER FINANCING SOURCES				
Operating Transfers In(Out)			0	
Excess Revenue & Other Financing Uses Over (Under) Expenditures			(25,486)	
Fund Balance - Beginning of Year			256,249	
Fund Balance - End of Year			<u>\$230,763</u>	

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Special Revenue Fund

**Dickson Township
Balance Sheet
Fire Fund**

As Of March 31, 2005

Assets

Cash In Bank and Investments	\$250,999
Certificate of Deposit	\$0
Taxes Receivable	<u>0</u>
Total Assets	<u><u>250,999</u></u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	0
Due to General Fund	<u>0</u>
Total Liabilities	0

Fund Balance

Reserved for Equipment Replacement	0
Unreserved	<u>250,998</u>
Total Fund Balance	<u><u>250,998</u></u>

Total Liabilities and Fund Balance	<u><u>\$250,998</u></u>
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THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Dickson Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Fire Fund

For The Year Ended March 31, 2005

	Actual
<u>Revenues</u>	
Property Taxes	\$102,276
Delinquent Tax	0
Interest	1,682
Grants	0
Miscellaneous	21,042
Total Revenue	<u>125,000</u>
<u>Expenditures</u>	
Salaries	1,599
Administrative	4,533
Insurance	18,026
Building Maintenance	16,301
Equipment Supplies	54,736
Miscellaneous	2,084
Other	4,089
Total Expenditures	<u>101,368</u>
Excess Revenues (Expenditures)	23,632
Transfer In (out)	0
Fund Balance - Beginning of Year	<u>227,366</u>
Fund Balance - End of Year	<u><u>\$250,998</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS